

CITY OF ALAMO HEIGHTS
CITY COUNCIL
June 22, 2010

A special meeting/work session of the City Council of the City of Alamo Heights, Texas was held at the Council Chambers, 6120 Broadway, at 8:30 a.m. on Tuesday, June 22, 2010.

Present and composing a quorum were:

Mayor Louis Cooper
Mayor Pro-Tempore Stan McCormick
Councilmember Bobby Rosenthal
Councilmember Fred Prassel
Councilmember Elliot Weser
Councilmember John Savage

Also attending were:

City Manager Ann Benson McGlone
Assistant City Manager/Public Works Director Shawn P. Eddy
Communications/Information Technology Manager Marian Ramirez
Finance Director Cynthia Barr
Community Development Director Brian Chandler
Human Resource Manager Judith E. Surratt
City Secretary Jennifer Reyna
Fire Chief Bill Hagendorf
Assistant Fire Chief Buddy Kuhn
Police Chief Rick Pruitt

Absent was:

City Attorney Mike Brennan

* * *

Mayor Louis Cooper opened the meeting at 8:42 a.m.

* * *

City Manager Ann McGlone announced Fire Chief Bill Hagendorf submitted his retirement notice effective July 1, 2010; adding that she was appointing Assistant Fire Chief Buddy Kuhn as Interim Fire Chief until the position is filled.

* * *

Mayor Cooper explained the process for the budget work session and the opportunity to discuss the budget in additional work sessions, if needed.

Ms. McGlone thanked Assistant City Manager/Public Works Director Shawn P. Eddy, Finance Director Cynthia Barr, Communications/IT Manager Marian V. Ramirez and Accounting Supervisor Pam Larison for their work in preparation of the budget. Ms. McGlone stated the budget is based on the Strategic Action Plan in which the Council provides direction. She provided a summary of present global and local economy in which the economy appears to be in recovery from the recent recession. In 2009, the retail market and sales tax revenue had decreased.

Mr. Eddy reviewed the budget summary, revenues, funds, and property taxes. The FY 2010-2011 proposed budget includes new revenues, recurring improvements and one-time cost improvements.

Mr. Eddy provided a history of the property taxes in Alamo Heights. He stated the proposed effective tax rate is .369518; although, the tax is proposed to be higher, due to decreased tax value, homeowners would pay about the same tax amount overall. The referenced graph showed Alamo Heights with the lowest property tax rate of suburban cities.

Mr. Eddy presented a summary of the general fund account and a graph of the general fund departmental allocations. The graph displayed departmental allocations.

Mr. Eddy presented budget information on the Utility Fund. He stated the fund for FY 2010-2011 includes the continuing expenditure of the 2007 General Obligation bonds and fund balance on capital improvements.

One-time improvements, employee compensation and benefit enhancement were presented by Mr. Eddy. He stated employee compensation includes a one-time costs equivalent to 1% of salaries to be paid on April 1, 2011, known as performance pay. He proposed an increase in the City's Texas Municipal Retirement System (TMRS) contribution for each employee from 12% to 14%, and an employee TMRS contribution increase from 6% to 7% with a 1% cost of living allowance (COLA) to offset the 1% increase to employees. Both proposed rate changes would go into effect January 1, 2011.

The organizational chart, action steps and summarized performance measures were presented by the respective department directors. Department directors also presented departmental charts that contained information on personal services, commodities, contractual services, capital outlay that provided the total expenditures and authorized positions for each department.

Finance Director Cynthia Barr presented the budget information for the Administration and Finance Department and noted municipal court collected revenue included monies collected for the State. Website visits have increased and are expected to continue to increase since the City now offers more online services such as electronic payments.

Community Development Director Brian Chandler presented the one-time cost improvement for the purchase of a plotter to produce large maps. He projected an increase in the number of permits, plan reviews, and revenues.

Councilmember Rosenthal acknowledged a job position loss and asked about the decrease of personnel salaries and requested an explanation of the contractual labor services. Mr. Chandler stated contractual labor includes food inspections and inspection services that the building official does not provide due to lack of certification.

Fire Chief Bill Hagendorf presented the one-time cost improvement to fund the provision of training for Fire Officers to become certified Fire Investigators.

The proposed EMS subscription program will generate new revenue and will be offered to the residents of the Cities of Alamo Heights, Terrell Hills and Olmos Park. For a small annual fee participants can insure themselves for the transportation related costs not covered by insurance or Medicare.

Chief Hagendorf explained the increased amount earmarked for training, maintenance and equipment. He stated every two years training is required for Fire Fighters, the necessity of a warranty for the fire truck apparatus, replacement of turn-out gear and two automatic defibrillators.

Councilmember Weser asked about the recruitment difficulty for Fire Fighters. Chief Hagendorf responded that hiring certified Fire/Paramedic personnel is ideal. Training costs and time will be invested in personnel with no Paramedic training incurring a cost to the city while the trainee is out for a year trying to obtain Paramedic certification. Chief Hagendorf added that the current facilities contribute to the challenge of personnel recruitment as surrounding cities have improved Fire Department facilities. Chief Hagendorf commented that the City should invest in a 3 or 5-year program to obtain new facilities rather to address the facility issues short-term, stop gap measures. Councilmember Weser stated that high standards, retirement benefits and facility improvements are ideal for recruiting fire personnel.

Mayor Cooper announced a break at 10:49 a.m.

Mayor Cooper reconvened the meeting at 11:07 a.m.

Police Chief Rick Pruitt presented the one-time cost improvement for the purchase of six ballistic vests, 50 traffic cones, a prisoner control chair and an evidence processing chamber for the Police Department.

Chief Pruitt presented a graph on crime prevention contacts which include residential close-patrol, business checks, crime prevention surveys, school education contacts and community group contacts.

Chief Pruitt shared that the Police Department faces recruitment challenges similar to those of the Fire Department. He shared that during applicant interviews that applicants have many questions regarding salaries, benefits, promotional opportunities and retirement plans.

Chief Pruitt commented that the amount of prisoners transported to the magistrate's office was underestimated and explained that funds budgeted to pay for this service would need

to be increased. Mayor Cooper suggested the Police Department should explore ways to recover those costs from the prisoners that are transported to the magistrate office prior to placing them in jail.

Mr. Eddy summarized budget information for the Public Works Department. Graphs were presented which included the average number of pounds of solid waste collected per customer and the number of reported potholes repaired by the next working day.

Mr. Eddy summarized the budget information for Utilities and presented graphs of non-revenue water as a percentage of total water pumped. He presented the increase of the sanitary sewer rate as recurring revenues.

Councilmember Rosenthal asked the reasoning for raising the sewer rate and asked who made the suggestion to increase the sewer rate. Mr. Eddy stated that 80% of the revenue goes directly to the San Antonio Water System (SAWS) because of the contractual treatment of wastewater by SAWS. Mr. Eddy stated that a water study was conducted and a recommendation was made to increase sewer rates.

Mr. Eddy referenced the estimated price of the new generator that is needed for the water system. Mayor Cooper asked if a used generator has been considered as he has observed the price for a used generator is considerable cheaper. Mr. Eddy stated he has yet to explore used generators which may be installed next September or October.

Mr. Eddy reviewed the timeline for the remainder of the budget process. Mr. Eddy stated staff will be finalizing the proposed budget for the next City Council meeting on August 9, 2010. The first public hearing on the FY 2011 proposed ad valorem tax rate is scheduled on August 23, 2010. The public hearing for the FY 2011 proposed budget and the second public hearing on the FY 2010 proposed ad valorem tax rate is scheduled on September 13, 2010. City Council consideration of the FY 2010 proposed budget and the ad valorem tax rate is on September 27, 2010.

The meeting was adjourned at 12:05 p.m. for lunch.

Mayor Cooper reconvened the meeting at 12: 21 p.m.

There was a discussion among the Council regarding retirement benefits with the TMRS. Mr. Eddy stated he provided the Accountability and Management Committee an overview of the retirement packages offered by other small cities. Councilmember Savage stated that in today's economy, increased employee retirement contributions is unusual and he didn't believe we should undertake this initiative this year. Council agreed.

There was a discussion among the Council regarding employee benefits which included facilities, personnel, performance pay and salary. Councilmember Rosenthal stated that facilities contribute to employee benefits and the current city complex facilities need to be addressed. Councilmember Weser stated an improved facility, especially for personnel that work more than the traditional hours, is a benefit, especially to the Fire Department. Mayor Cooper suggested a

meeting may be scheduled for further discussion on the facilities. Councilmember Weser recommended the Infrastructure and Services Committee meet to address facilities and in particular the Fire Department.

Ms. McGlone provided the history of performance pay. Mr. Eddy noted that the last COLA increase was three years ago. Councilmember Savage stated the COLA is not justified because there is no increase in the cost of living. Councilmember Weser stated a cost of living allowance (COLA) or increased salary is appropriate and performance pay may not be the best for all employees. After discussion, Council agreed not to provide a COLA.

Property taxes and values were discussed among Council. Councilmember Rosenthal expressed concern of a proposed higher tax rate and noted residents would continue to pay the same amount because of decreased tax values. Ms. McGlone explained the relationship between tax increase and property value decline and vice versa. After further discussion, Council agreed to no increase in property taxes for this year.

Bill Kiel, 124 Corona Avenue, suggested taking revenues from the telecommunications revenues and placing those dollars in the general fund rather than the utility fund as a short-term solution to revenue shortfalls.

Mayor Cooper asked City staff to explore all options in addition to telecom providers revenue prior to the consideration of raising property taxes; however, he was not opposed to raising property taxes.

Mayor Cooper requested an economic development study, green house standards, and a historic house inventory be explored. For the historic home inventory, he suggested residents submit photos to the City to save time, money and energy and perhaps consider a time capsule to be opened in 25 years. Mayor Cooper stated the City needs to provide notification and coordinate prior to taking a photo.

Councilmember Prassel asked about additional information on the historic houses inventory. Mr. Chandler provided the requirements to conduct a thorough home inventory, which include a photo of the front of the structure, database of architectural style, and size of the house.

Councilmember Weser stated priorities are important. Ms. McGlone stated projects for the Comprehensive Plan should go forth to the Neighborhood Character and Commercial Revitalization Committee and seek direction on priorities.

The following citizens spoke on this matter:

Lucien Bolduc, 201 Primrose Place, encouraged City staff to provide direction to Council. He expressed his support in maintaining the current tax rate.

Bill Kiel, 124 Corona Avenue, agreed with Mr. Bolduc's comments in opposing the increase in property taxes and stated not all property taxes decreased as he did improvements to his homestead.

Suzy Bettac, 126 Rosemary Avenue, suggested the purchase of one new generator for the municipality. She expressed her support of a property tax increase only because she does not support deficit spending.

Mr. Eddy responded to Ms. Bettac that the proposed new generator will support the water system, which consists of three wells and the additional capacity will serve for backup for the Fire Department. The current generator will provide emergency power to the Police Department and Dispatch.

Mayor Cooper and Mayor Pro Tem McCormick thanked everyone for their hard work in preparation of the budget, including Councilmembers Rosenthal and Savage.

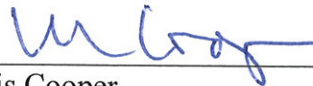
Ms. McGlone summarized Council direction and stated she will work with the Accountability and Management Committee and schedule a second budget work session if necessary.

*


*

*

There being no further questions or discussion, Mayor Cooper adjourned the meeting/work session at 2:59 p.m.



Louis Cooper
Mayor



Jennifer Reyna, TRMC
City Secretary